

Senate Bill No. 1090

CHAPTER 625

An act to amend Section 745 of the Public Utilities Code, relating to electricity.

[Approved by Governor September 26, 2014. Filed with
Secretary of State September 26, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1090, Fuller. Electricity: rates: default time-of-use pricing.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law permits the commission to authorize an electrical corporation to offer residential customers the option of receiving service pursuant to time-variant pricing, as defined, and to participate in other demand reduction response programs, but prohibits the commission from authorizing an electrical corporation to employ mandatory or default time-variant pricing for any residential customer, except that beginning January 1, 2018, the commission may require or authorize an electrical corporation to employ default time-of-use pricing for residential customers, subject to specified limitations and conditions.

This bill would require the commission to first explicitly consider evidence addressing the extent to which hardship will be caused to customers living in hot, inland areas, and residential customers living in areas with hot summer weather before it could require or authorize an electrical corporation to employ default time-of-use rates for residential customers.

The people of the State of California do enact as follows:

SECTION 1. Section 745 of the Public Utilities Code is amended to read:

745. (a) For purposes of this section, "time-variant pricing" includes time-of-use rates, critical peak pricing, and real-time pricing, but does not include programs that provide customers with discounts from standard tariff rates as an incentive to reduce consumption at certain times, including peak time rebates.

(b) The commission may authorize an electrical corporation to offer residential customers the option of receiving service pursuant to time-variant pricing and to participate in other demand response programs. The commission shall not establish a mandatory or default time-variant pricing tariff for any residential customer except as authorized in subdivision (c).

(c) Beginning January 1, 2018, and subject to the commission making the findings required by subdivision (d), the commission may require or authorize an electrical corporation to employ default time-of-use rates for residential customers subject to all of the following:

(1) Residential customers receiving a medical baseline allowance pursuant to subdivision (c) of Section 739, customers requesting third-party notification pursuant to subdivision (c) of Section 779.1, customers who the commission has ordered cannot be disconnected from service without an in-person visit from a utility representative (Decision 12-03-054 (March 22, 2012), Decision on Phase II Issues: Adoption of Practices to Reduce the Number of Gas and Electric Service Disconnections, Order 2 (b) at page 55), and other customers designated by the commission in its discretion shall not be subject to default time-of-use rates without their affirmative consent.

(2) The commission shall ensure that any time-of-use rate schedule does not cause unreasonable hardship for senior citizens or economically vulnerable customers in hot climate zones.

(3) The commission shall strive for time-of-use rate schedules that utilize time periods that are appropriate for at least the following five years.

(4) A residential customer shall not be subject to a default time-of-use rate schedule unless that residential customer has been provided with not less than one year of interval usage data from an advanced meter and associated customer education and, following the passage of this period, is provided with no less than one year of bill protection during which the total amount paid by the residential customer for electric service shall not exceed the amount that would have been payable by the residential customer under that customer's previous rate schedule.

(5) Each electrical corporation shall provide each residential customer, not less than once per year, using a reasonable delivery method of the customer's choosing, a summary of available tariff options with a calculation of expected annual bill impacts under each available tariff. The summary shall not be provided to customers who notify the utility that they choose not to receive the summary. The reasonable costs of providing this service shall be recovered in rates.

(6) Residential customers have the option to not receive service pursuant to a time-of-use rate schedule and incur no additional charges as a result of the exercise of that option. Prohibited charges include, but are not limited to, administrative fees for switching away from time-of-use rates, hedging premiums that exceed any actual costs of hedging, and more than a proportional share of any discounts or other incentives paid to customers to increase participation in time-of-use rates. This prohibition on additional charges is not intended to ensure that a customer will necessarily experience a lower total bill as a result of the exercise of the option to not receive service pursuant to a time-of-use rate schedule.

(d) The commission shall not require or authorize an electrical corporation to employ default time-of-use rates for residential customers unless it has

first explicitly considered evidence addressing the extent to which hardship will be caused on either of the following:

- (1) Customers located in hot, inland areas, assuming no changes in overall usage by those customers during peak periods.
- (2) Residential customers living in areas with hot summer weather, as a result of seasonal bill volatility, assuming no change in summertime usage or in usage during peak periods.